

## Message Text

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ACTION L-02

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3173

C O N F I D E N T I A L CAIRO 3480

EO 11652: GDS

TAGS: OTRA CPRS EFIN EG US

SUBJECT: US CLAIMS AGAINST EGYPT

1. SUMMARY: EMBASSY AND STATE/L REPS MET WITH MINECON COOP UNDERSEC DEWIDAR TO DISCUSS US PRIVATE CLAIMS AGAINST GOE. DEWIDAR WAS FORTHCOMING, INDICATING BEST WAY TO PROCEED WAS TO DRAW UP FRAMEWORK OF AGREEMENT AT OUTSET BASED ON LUMP SUM PAYMENT. HE INDICATED JOINT COMMITTEE EXAMINING CLAIMS SHOULD WORK INFORMALLY AND NOT GO INTO GREAT DETAIL. US REPS WERE PLEASED WITH COOPERATIVE ATTITUDE, BUT SKEPTICAL THAT ONCE TALKS WERE UNDERWAY SETTLEMENT PROCEEDINGS MIGHT NOT BE QUITE THAT SIMPLE. END SUMMARY.

2. DEPUTY ASST LEGAL ADVISER HUANG AND POL/ECON COUNSELOR MET WITH UNDERSEC DEWIDAR, MINECON COOP, APR 2 TO DISCUSS PROCEDURES FOR SETTLEMENT OF US PRIVATE CLAIMS AGAINST EGYPT. HUANG ASKED ABOUT EGYPTIAN VIEWS RE COMPOSITION OF NEGOTIATING TEAM, INDICATING THAT US SIDE WOULD LIKELY CONSIST OF AMBASSADOR, SENIOR EMBASSY OFFICIALS AND REP FROM STATE/L. DEWIDAR SAID EGYPTIAN SIDE WOULD INCLUDE HIMSELF AND REPS OF MIN OF FINANCE, OFFICE OF LAND REFORM, CENTRAL BANK AND PERHAPS ONE OTHER.

3. DEWIDAR SAID EGYPTIAN SIDE WAS PREPARED TO MEET WHENEVER US WISHED - IN A WEEK OR TWO IF WE SO DESIRE. HUANG INDICATED EGYPTIAN COOPERATION WOULD BE NECESSARY TO MEET REQUIREMENTS FOR SETTLEMENT OF CLAIMS IN A MANNER CONSISTENT WITH US PRACTICES  
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AND CONCERNS OF CONGRESS. BOTH GOVERNMENTS SHOULD COOPERATE TO ATTAIN

ACOMMON OBJECTIVE, NAMELY THE SETTLEMENT OF THESE CLAIMS AND NOT TO REGARD THEM AS CONFLICTING INTERESTS. GOAL SHOULD BE TO WORK OUT MODALITIES OF SETTLEMENT SO THAT OPTICALLY BOTH SIDES COULD CLAIM THAT TERMS MET THEIR RESPECTIVE REQUIREMENTS. DEWIDAR WAS VERY FORTHCOMING, SAYING THAT EGYPTIANS WERE READY TO COOPERATE.

4. IN RESPONSE TO A SUGGESTION THAT 1967 LIST OF CLAIMANTS PROVIDED SERVE AS AN AGENDA, DEWIDAR AGREED THIS WOULD BE ACCEPTABLE. SHOULD ADDITIONAL CLAIMANTS BE FORTHCOMING, THEY COULD ALSO BE ADDED. HOWEVER, IT WAS HIS VIEW THAT ONCE A SETTLEMENT HAD BEEN MADE, GOE SHOULD NOT BE APPROACHED WITH ADDITIONAL CLAIMS. DEWIDAR SAID THAT, GIVEN THE CIRCUMSTANCES IN WHICH US HAD CERTAIN REQUIREMENTS VIS-A-VIS CONGRESS AND IN WHICH EGYPTIANS HAD TO BE MINDFUL OF NEGOTIATIONS IT HAD CARRIED ON WITH 16 OTHER COUNTRIES (SOME STILL IN PROGRESS), A LUMP SUM SETTLEMENT WOULD LIKELY BE BEST WAY TO HANDLE MATTER. THIS WOULD ALLOW US TO PAY OFF CLAIMANTS, WHILE EGYPT COULD AVOID PERCENTAGE COMPARISONS BEING MADE WITH SETTLEMENTS WITH OTHER COUNTRIES, PARTICULARLY SINCE MOST FAVORED NATION PROVISIONS COULD BE TROUBLESOME.

5. DEWIDAR REFERRED TO OTHER AGREEMENTS WHICH HAD 35 PER CENT REDUCTION IN COMPENSATION AND RESTRICTED 65 PER CENT OF BALANCE TO BLOCKED EGYPTIAN POUNDS TO BE USED FOR TOURISM AND COMMERCAIL TRANSACTIONS. HE ALSO MENTIONED MOST FAVORED NATION PROVISION. HUANG INFORMED DEWIDAR THAT USG WAS GENERALLY FAMILIAR WITH THOSE TERMS OF SETTLEMENT EMBODIED IN CERTAIN PROTOTYPE AGREEMENTS. HOWEVER, USG HAD PREVIOUSLY INFORMED GOE IN 1969 THAT THEY WERE UNACCEPTABLE. HUANG REPEATED STANDARD USG POLICY AND PRACTICE, STATING THAT USG RECOGNIZED RIGHT OF GOE TO NATIONALIZE FOREIGN-OWNED PROPERTY, BUT SUBJECT TO PAYMENT OF JUST COMPENSATION UNDER INTERNATIONAL LAW IN CONVERTIBLE CURRENCY. JUST COMPENSATION MEANS "ADEQUATE PROMPT AND EFFECTIVE" COMPENSATION. KEY TO SOLUTION IN ANY SUCH ARRANGEMENTS WOULD BE ARRIVING AT A SUM LARGE ENOUGH IN SETTLEMENT TO SATISFY CLAIMANTS FULLY.

6. DEWIDAR SAID THAT HE ENVISIONED, ONCE JOINT CLAIMS COMMITTEE MEETINGS GET UNDERWAY, PROCEEDINGS COULD BE CONCLUDED IN 2

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WEEKS. HE SAID FIRST STEP SHOULD BE TO NEGOTIATE AN AGREEMENT ENCOMPASSING REQUIREMENTS OF BOTH PARTIES, AND AN AGREED LUMP SUM. COMMITTEE COULD THEN PROCEED TO JOINT EXAMINATION OF CLAIMS CASES. WHEN ASKED HOW DETAILED EXAMINATION OF CLAIMS CASES WOULD BE, DEWIDAR SAID "WE DON'T WANT TO BOTHER WITH TOO MANY DETAILS". WHEN QUERIED FURTHER AS TO EXTENT OF DOCUMENTATION WHICH WOULD BE REQUIRED TO JUSTIFY CLAIMS. DEWIDAR WAS EQUALLY VAGUE, SAYING "NO GREAT PROBLEMS SHOULD BE ENCOUNTERED". HE REQUESTED US

SIDE TO PROVIDE DRAFT AGREEMENT AS INDICATED ABOVE ENCOMPASSING ITS VIEWS. DEWIDAR ENVISAGED THAT GOE ALSO WOULD NOT WISH TO BE VERY FORMAL IN HANDLING CLAIMS PROCEEDINGS.

7. COMMENT: WHILE DEWIDAR WAS VERY FORTHCOMING, EMBASSY SUSPECTS THAT, ONCE JOINT COMMITTEE SITS DOWN TO DISCUSS ISSUES AND CASES, PROBLEMS WHICH ARE NOT APPARENT AT THIS STAGE WILL EMERGE. DEWIDAR'S OVERALL APPROACH WOULD SEEM TO SUGGEST THAT HE HAS RECEIVED DIRECTIONS FROM HIGHER LEVEL TO MOVE FORWARD ON SETTLEMENT OF CLAIMS SO THAT THIS MATTER NOT BE AN IMPEDIMENT TO CURRENT AND FUTURE US ASSISTANCE PROGRAMS TO EGYPT. DESPITE HIS FORTHCOMING ATTITUDE, DEWIDAR MADE US SIDE FEEL UNEASY, AS HE, ON ONE HAND, INDICATED GOE PREPARED TO BE LIBERAL AND FLEXIBLE IN HANDLING OF CLAIMS AND ON OTHER, THEN TALKED SOMEWHAT VAGUELY ABOUT JOINT COMMITTEE ENGAGING IN DETAILED CASE-BY-CASE STUDY OF CLAIMS. DEWIDAR DOES NOT HAVE REPUTATION FOR BEING AMONG EGYPT'S MORE COMPETENT OFFICIALS AND SINCE HE IS REPORTEDLY DUE TO RETIRE IN JUNE, WE ARE NOT FULLY CONVINCED THAT EASY PATH FOR CLAIMS DISCUSSIONS WILL MATERIALIZE. END COMMENT.

8. HUANG IS PREPARING A MORE DETAILED MEMORANDUM OF CONVERSATION TO BRING BACK TO DEPARTMENT.  
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